DOCUMENT RESUME

ED 197 040 UD 021 182

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TITLE Urban School Desegregation Costs.
SPONS AGENCY Danforth Foundation, St. Louis, Mo.
PUB DATE Apr 79
NOTE 70p.: Paper prepared for the American Educational Research Association Annual Meeting (San Francisco, CA, April 8-12, 1979).

EDRS PRICE MF01/PC03 Plus Postage.
DESCRIPTORS Case Studies: Desegregation Methods: Desegregation Plans: *Educational Finance: *Expenditures: *School Desegregation: *School District Spending: *Urban Schools
IDENTIFIERS New York (Buffalo): Ohio (Cleveland): Ohio (Columbus): Ohio (Dayton): Wisconsin (Milwaukee)

ABSTRACT

The findings of an exploratory study of urban school desegregation costs are reported in this paper. The study examined five cities faced with desegregating their schools: Cleveland, Columbus, Buffalo, Dayton, and Milwaukee. The main body of the report presents descriptive information about desegregation costs. Cost variations among cities are attributed to (1) technical factors (such as rules defining allowable costs for transportation reimbursement), (2) situational factors (that is, type of desegregation plan), and (3) "constructivist" factors (the informants' positions as defendants or plaintiffs). Despite outward variations, there are underlying regularities that were found during this study: resource reallocation, additional revenues, non-programmatic costs such as attorneys' fees, inadequate financial management, and planning tools. Greater attention to the political economy of urban school desegregation is recommended. (Author/MK)

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URBAN SCHOOL DESEGREGATION COSTS*

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What does it cost to desegregate an urban school system? Advocates of desegregation suggest that costs are of marginal significance in the overall budgets of urban schools, that desegregation-related costs are offset by benefits, and that in any case cost considerations ought not stand in the way of redressing constitutional violations. Opponents of desegregation assert that busing and other desegregation expenditures impose immense burdens upon already-strained urban school budgets, that desegregation expenditures produce no demonstrable benefits, and that cost should be treated as an important "practicality" constraining the design and implementation of desegregation plans.

Caught between these competing views of desegregation costs are school budget personnel, policymakers, judges, legislators, agency officials, and citizens-at-large who must recommend, review, decide, and act. The literature on desegregation, despite its vast scope, provides such actors virtually no useable information about costs. The experiences and lessons of one urban system are not passed along to others. Misinformation is perpetuated; mistakes are replicated.

Today I am reporting the findings of an exploratory study of urban school desegregation costs. The study examined information collected during 1977-78 in five cities undergoing desegregation: Cleveland, Columbus, Buffalo,

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* This paper was prepared for presentation at the American Education Research Association, San Francisco, April 1979. The author gratefully acknowledges the support of the Danforth Foundation, which provided a grant permitting collection of the data reported here. Responsibility for the collection and interpretation of the data rests solely with the author.

UD021182

Milwaukee, and Dayton. Section I below reviews the formulation of the exploratory study. The next section (II) reports city-by-city findings. A final section presents some tentative conclusions about urban school desegregation costs, and discusses their significance for practice, policy, and research.

I. Formulating the Study

Exploratory research customarily proceeds from the observation that available research fails to consider — or fundamentally misapprehends -- the phenomenon under consideration. The present study is no exception. The literature on school desegregation pays scant attention to cost. For example the research examining desegregation outcomes ignores the financial dimensions of input variables (e.g. St. John, 1975; Weinberg, 1977). Case accounts of life in desegregated schools provide little or no information about financial aspects of desegregation; for example, the preface to Crain's study (1968) begins with these words:

> Money talks, as the saying goes, and public money talks with the accents of the political process. Nowhere is this process seen more clearly than in conflicts arising over the policies of local boards of education....(p. v.)

Alas, Crain and his colleagues evidently were more attuned to the political process than to public money. Possibly money does not "talk" in desegregation policy questions, but I think it more likely that the Crain group simply did not ask the right questions. Kirby's more recent study (1973) is similar. Policy decisions about desegregation are traced to community pressures and interest groups, the preferences of top-level decision makers and the rigidities of decision making structures. Cost is ignored. Other studies present the same problem (Hill and Feeley, 1967; Mack, 1968; Rubin, 1972). Case reports prepared and published by the U.S. Commission on Civil Rights (1973, 1977) occasionally contain sketchy information about expenditures for desegregation,

but there are no accompanying analyses of the sources or significance of the data. Literature on desegregation techniques (Foster, 1973) and implementation strategies (Smith, et. al., 1973) is similarly uninformative. Foster does acknowledge that cost may be a constraint, but he does not view it as a serious one. The National Institute of Education's recent summary and appraisal of the desegregation literature (1976) implicitly commented on our knowledge about desegregation costs: the topic was not even mentioned.

There are two partial exceptions to the desegregation literature's general inattention to the cost question. The first is three studies of urban busing costs. One (Lambda, 1971) estimates the numbers of students that would have to be transported in major cities under specified policy constraints. Unfortunately the study assumes that the number of students to be transported, linked with information about distance and time, provides a good indicator of cost. The assumption is proper in rural settings but in cities it is not proper. Another study examines desegregation-related changes in transportation budgets in several southern cities (NAACP, 1972). Although it is instructive in many ways, the study is dated, limits its orientation to southern (principally county-type) districts, and pays little attention to the processes which produced the reported cost impacts. A third study (Van Fleet, 1977) presents gross transportation figures for several cities; unfortunately the study presents little information about cost determinants or the services associated with th costs. All three studies suffer from the fact that they limit themselves to a single type of desegregation cost.

A second (and similarly limited) group of studies is connected with the growing interest in magnet programs (e.g. Levine and Havighurst, 1977). The literature on magnet programs usually includes some attention to costs and to revenue sources. However the available accounts do not systematically distinguish among costs attributable to desegregation, staff training, facilities

renovation, program improvement and other cost determinants.

The desegregation literature's general inattention to financial considerations is not too surprising. Desegregation researchers have been drawn from disciplines which focus on learning, community sociology, and politics. Economists and students of public finance have not entered the field. Historical factors also are important. Until the late 1960s desegregation was largely a problem of the south. Two features of southern education tended to de-emphasize questions related to finance. First, the task of dismantling dual school systems often was not costly; indeed in some cases it was less expensive to operate unitary systems than dual systems. In addition, most southern districts were county-wide and already bused large numbers of students; desegregation-related transportation often involved little more than a realignment of an existing busing program.

Orfield recently noted that "one of the strange facts about desegregation planning is the tendency of each city to face its problems without being aware of solutions developed and lessons learned in similar cities" (Orfield, 1978, p. 427).[1] The present study proceeds from the assumption that it is possible to draw "lessons" from the experiences of cities. Indeed, the study was prompted by an urgent need to do so. In mid-197[illegible] the federal judge who was hearing the St. Louis desegregation case ordered the parties who were submitting remedial plans to submit cost information. I had been associated with the creation of two of those plans -- one by defendants and one by one of the plaintiff parties. I also had been involved in some outside third-party efforts

[1]Just-completed desegregation litigation in St. Louis suggests a caveat regarding Orfield's observation. The problem is not that information is not transmitted from city to city. In St. Louis large amounts of information concerning desegregation in other cities entered the legal proceedings. Expert testimony often cited experience in other cities. But the testimony was conclusory. The experience of other cities was used to prove something, not to learn something.

to prepare for desegregation, should it be ordered. The research reported here was intended for use by all parties in the litigation as well as by outside neutrals.

The "design" of the study was very simple. We had enough money and enough time to permit day-and-a-half visits to each of five cities. The cities selected were somewhat like St. Louis. Data were solicited from defendants, plaintiffs, and informed observers. Interviews were informal -- more nearly conversations than interviews. To foster candor, interviews were not taped; reconstruction followed the sessions. Respondents invariably were helpful; they freely shared their ideas, information, concerns, and suggestions.

Several limitations are built into the type of research reported here. Given the paucity of previous research, the study is atheoretical. One consequence is heightened risk of investigator bias. I am a proponent of desegregation, and I have advocated a desegregation plan for St. Louis. The research reported here was intended to be "neutral", but the reader should be wary of unintended bias in the collection and analysis of data.

A further limitation is that the cities selected for study are not a representative sample of America's urban school systems. Our study was limited to central city districts and thus excluded the county-type districts characteristic of the South. Our cities were basically bi-racial rather than multi-racial, and thus excluded many cities in the Southwest. All cities were under court order, and hence we lost cities (e.g. Seattle and Rochester) which have attempted voluntary plans. We excluded urban giants such as Chicago and Los Angeles and we excluded minor urban centers with enrollment below 40,000. In each site desegregation litigation was "current". That is, all had had a liability finding, but remedial orders were still being appealed. Our data are time-bound; the time-frame is the 1977-78 academic year.

Another limitation is reliance upon <u>reports</u> of costs. We did not attempt

to verify reported relationships between dollars and desegregation programs. That task is vitally important, but the resources available for this study were wholly inadequate for any such effort. Reports of costs are suspect, particularly in controversial contexts such as desegregation. We tried to ameliorate the problem by (a) collecting reports from plaintiffs, defendants, and neutral third parties, (b) checking relationships between interview reports, newspaper reports, and official reports such as budget documents and submissions to court.

Finally, the research is "thin". We spent only a few hours in each city. We talked with as many sources as possible, and gathered as many documents as possible, but make no pretense that we gained thorough knowledge about desegregation costs anywhere. Our task was to plot the terrain, rather than to excavate. Lines of inquiry pursued in one city sometimes were ignored in others. Thus it is important to note that this study is not a comparative case study of the five cities visited. The goal of the research was to develop ideas, identify problems, and locate the broad parameters of desegregation costs; it was not to delineate or explain similarities and differences among cities. Thus the case accounts below are incomplete descriptions of a single phenomenon, studied in five settings.

II. Case Reports

In the following pages our data are presented pretty much "as we found them" -- i.e. city by city. Though the accounts contain a considerable volume of detail, the reader should remember that the details are simply manifestations of the underlying phenomena we sought to describe. Readers are encouraged to draw their own conclusions from the case reports. The views of the investigator are presented in section III, following the cases.

Cleveland is reported first. Among the cities we studied, Cleveland had made the least progress in its planning for desegregation. Columbus is

reported next; even though its liability finding followed Cleveland's by several months, Columbus had made further progress in its desegregation planning. Next are Buffalo and Milwaukee; both were implementing the initial stages of desegregation plans at the time of our visits. Dayton, the last city reported here, had fully implemented its plan at the time of our visit. The 1977 Supreme Court decision requiring a review of the Dayton plan had no apparent effect on the cost reports we obtained.

Cleveland

The Cleveland Public Schools currently enroll approximately 115,000 students, a decline of 40,000 since 1968. Minority enrollment in 1976 was 61%, compared to 57% in 1968.

Desegregation litigation was initiated by the NAACP late in 1973. A trial began in November 1975. On August 31, 1976, District Judge Battisti ruled that the Cleveland School Board (and co-defendant state officials) had violated the equal protection clause of the Constitution.[1] A Special Master was appointed, and proceedings aimed at developing a desegregation plan were ordered initiated. The Board of Education immediately appealed Judge Battisti's ruling, and sought a stay of the order to begin desegregation planning.

The Board's request for a stay emphasized financial matters. In its arguments the Board referred to the expense of planning, the costs of desegregation itself, and the precarious financial condition of the school system. Defendants asserted that first-year busing would cost $45 million—$28 million for buying buses and $17 million for operating them. Plaintiffs characterized these figures as "highly speculative" and unsupported by evidence.[2]

In granting the Board's motion for a stay, Appellate Court Judge Weick appears to have been particularly attentive to the financial implications of desegregation. He noted that the "board is presently without the funds needed either to purchase buses or to provide for their operation." He cited Superintendent Briggs' affadavit linking busing with irreparable

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Cleveland was visited on October 3, 1977. The Citizens' Council for Ohio Schools provided the bulk of the information reported in this section.

financial injury. He noted the $45 million transportation figure submitted by the schools. He also noted that Superintendent Briggs was "familiar with the Dayton plan for desegregation which has projected an annual deficit of twelve million dollars." Applying this figure to Cleveland, Judge Weick projected a deficit of $35-40 million. The Judge also expressed his solicitude for the school taxpayers and "the parents who invest their life earnings and make their payments on home mortgages, and who have purposely located in a neighborhood close to a school so that their children may receive the finest available education from the local schools...."[3]

The NAACP assailed the Board's "scare tactics," and appealed Judge Weick's decision.[4] At about the same time the NAACP suggested its own desegregation guidelines. Superintendent Briggs promptly responded; he raisedthe projected cost of busing to $75 million. Asked whether he wasn't exaggerating the cost, he said he had "supplied in an affadavit to the Circuit Court of Appeals factual straightforward figures based on what the NAACP is asking for." He further indicated that the money—equivalent to half the school system's annual budget—simply could not be raised.[5]

In mid-October, while the NAACP's appeal was still pending, Superintendent Briggs again revised his transportation estimate. This time he claimed that the costs of busing under the NAACPs proposed desegregation guidelines would be $71,866,873. A detailed cost breakdown was provided to support this figure. Briggs projected the purchase of 1298 buses at $18,350 each ($23.8 million), annual bus operating costs at $20,281 per bus ($26.3 million), construction of bus service and storage complexes ($19.1 million), plus a communication system and other miscellaneous costs ($2.1 million).

These figures made front-page news in the Plain Dealer.[6] However press accounts failed to note that Briggs' projections rested on some unusual assumptions, e.g., each bus would carry only one load of students, and the load factor (secondary level) was only 39 students per bus.[7] NAACP attorney Atkins was quoted as saying that Briggs' figures were "ridiculous and asinine" and that "the estimates quoted by the Cleveland school officials indicate either shocking incompetence on their part, or a deliberate attempt to mislead the public, cause alarm, and intimidate the federal court from carrying out its mandate."[8] By this time, of course, the issue of busing costs had become highly politicized. Congressman Ron Mottl issued a flyer headlined "Busing Ourselves into Bankruptcy." The Congressman also presented his staff's data on desegregation costs in other cities, and urged readers to write to President Ford in protest.[9]

In Mid-November the Appeals Court set aside Judge Weick's stay and ordered the defendants to proceed with the development of desegregation plans. Three weeks later Judge Battisti issued guidelines for the desegregation planning.

In January 1977, the Board defendants submitted their first desegregation plan. The plan included no costs for new buses or other capital expenditures, but did estimate annual operation costs as follows:

Additional Personnel	$4,417,356
Materials	760,500
Consultants	50,000
Pupil Transportation	9,046,600
TOTAL	$14,274,456

The bases for these estimates were not included.[10] The plan was rejected by the court, as it failed to satisfy the criteria set forth in the December guidelines.

In February the Board submitted a second plan. This plan carried a price tag of $77,967,033 for implementation, plus an annual cost of $23,759,890 for operating the transportation component of the program. This plan called for the purchase of 538 buses, less than half the number projected in September.[11] But the court again rejected the Board's plan.

Meanwhile the state defendants had submitted their own desegregation plan. It contained more detailed financial analysis, and projected the purchase of 485 buses. The total cost of the state plan was set at $15.4 million.[12]

Faced with the unexplained cost discrepancies between Cleveland's first and second plans, and between those and the state plan, Judge Battisti on March 16 issued an order stating that

> The Special Master shall be afforded full access to the financial books, records, bids, quotes, contracts and documents of the State and Cleveland Boards. The Special Master shall also be afforded access to all special and recurring reports relating to the budgets of the Cleveland Board of Education and such other records as he may deem appropriate.[13]

At about this time the NAACP, suggesting that the Board's responses to the court were contemptuous, filed a motion requesting the court to issue a show cause order against several of the Cleveland defendants. Although the Judge did not rule on the motion, he did admonish the Board's attorneys in vigorous terms.[14] Then on April 1 Judge Battisti summoned all Cleveland Board members and the Superintendent, and addressed them about their

desegregation plans, including the transportation components, in these terms:

> There is [a] matter about which certain defendants have dealt falsely with the public. Statements relating to the financial embarrassment of the school system, the high cost of desegregation, and the enormous tax burdens to be faced have been given currency.
>
> The various cost estimates have been inconsistent, have not been supported by reliable data, and have borne no correlation to the estimates offered by the State defendant.
>
> The outrageous figure of 78 million dollars as the cost of busing for desegregation would evoke laughter. However, quoting this sum in a calculated effort to delude persons unsophisticated in school finance cannot be considered a laughing matter. It appears that publishing overblown costs of desegregation must be viewed as an effort to generate fear, embarrass the Court, or perhaps as some measure of the defendant board's incompetence.
>
> Some discussion of important issues in this case borders on reckless disregard for the truth. Some public statements concerning busing and finances can only have inflamed segments of the public and cast a shadow on the Federal Court as an institution and on the personal integrity of the person who conducts the business of the court.[15]

The Judge concluded by warning the defendants of the possibility of contempt, and urged them to good faith performance of their legal duties.

In May the Board submitted its third desegregation plan. This one carried a price tag of $39 million for transporting 52,100 students. The figure included $10 million for the purchase of 618 buses and $9 million for storage and maintenance facilities. The Board was more cautious than it had been in its previous submissions; it indicated that the figures might be revised downward if arrangements could be made with the Regional Transit Authority to share some of the transportation burden.[16]

By this time, two other desegregation finance issues had come to overshadow the transportation issue. The first issue concerned facilities. Surplus space was available, as student population had declined by 40,000 in the past decade. The state's desegregation plan, submitted in January, had specified a number of schools for closing. The Court, to ensure that any closings would promote desegregation, had enjoined the defendants from closing any schools without Court approval. However in July 1977 the Board requested permission to close eight schools for economic reasons. In the opinion of the Special Master, after hearings, six of the closings "maintained segregation" and the other two "could be interpreted as promoting racial segregation".[17] The Board's request therefore was denied. Meanwhile the Board had removed equipment from at least one of the schools; it was returned in damaged condition and in September Cleveland newspaper accounts conveyed the impression that the court's order resulted in the continued operation of at least one uneconomic school with inoperative equipment.[18]

The Special Master's October report contained a number of observations about the significance of school closings in planning for desegregation. The report cited Board employee testimony that there was at least a 25% underutilization of elementary schools. Citing expert testimony that a planned program of school closings could promote desegregation and achieve major cost savings, the Master asserted that

> The Cleveland School District has made no long range pupil population projections, conducted no studies regarding efficient utilization of school buildings in the district, made no unified, long range, district-wide closing plans, and relied upon incomplete, sketchy, non-cohesive studies in determining the schools to be proposed for closing.

The Master went on to recommend that the defendants be ordered to prepare detailed pupil enrollment projections and a "closing priority list".[19]

The second issue was the Cleveland Schools' overall financial situation. Some $8 million in 1977 revenues had been used to pay debts from 1976--an act of questionable legality. In addition it appeared that there would be a $12 million deficit for 1977. The total cash shortage--$20 million--threatened the system with shutdown in late October. School officials approached the state legislature, seeking permission to borrow money against 1978 revenues--a move which some people interpreted as a device to postpone the day of complete financial collapse so that it would coincide with the implementation of a desegregation plan in the fall of 1978. Others interpreted the situation as one of financial mismanagement. The Special Master's initial investigations of school system finances had persuaded Judge Battisti to order an outside audit of the Cleveland Schools' financial position. Later the Court referred to the state Attorney General an auditor's finding that the system might have acted illegally in managing its 1976 deficit. The Special Master's October report called into question the defendants' competence:

> Some of the critical functions where testimony indicated a lack of necessary level of expertise include desegregation planning and coordination, transportation, computer utilization for modern management reporting, and accounting and financial management positions...The Cleveland defendants have not prepared or utilized long term cost projections and studies... They do not use modern accounting techniques...They do not seem to undertake cost effectiveness nor cost benefit analyses.[20]

In a November report, the Special Master again questioned the management capabilities of the defendants, with special reference to defendants' proposals regarding magnet schools and transportation:

> ...There is evidence that the defendants have not taken seriously their own proposals in respect to the creation of new opportunities for both quality education and integrated education.[21]
>
> It appears that the proposals [for certain magnet schools] were not based on serious or careful planning, nor designed to mesh with other components of the plan, such as those dealing more directly with desegregation, for example, the components concerned with pupil assignment, school closings, transportation, and finance.[22]
>
> The Cleveland Board of Education's Plan...estimated that approximately 50,300 children would be transported when all phases of the Plan were implemented...The Special Master is of the opinion that this number overstated by a substantial amount (maybe as much as 50%).[23]
>
> The proceedings before the Master are replete with evidence that a serious cost study was not undertaken to determine the most economically feasible means of transporting students from among a number of alternatives.[24]

All of this, of course, did nothing to alleviate the immediate problem posed by the year-end deficit. Under Ohio law, school systems must close when they run out of funds. By November, Cleveland, along with several other Ohio districts, was on the verge of closing. Judge Battisti ordered that the system remain open. Teachers refused to teach without paychecks. The legislature at first refused to authorize school systems to borrow against 1978 revenues, but later reversed itself. Meanwhile a Cincinnati court declared the entire system of state school support unconstitutional. In the end, the Cleveland schools remained open. The day of financial reckoning was postponed.

Throughout the fall press accounts were calling attention to a special cost associated with the desegregation dispute — litigation. In July 1977 the Plain Dealer estimated that legal bills were approaching $1 million, with

many more to come.[25] In December the Cleveland Press put the total at $2 million. Of this, $700,000 was for School Board attorneys, $100,000 for state defendant attorneys, $450,000 for the Special Master and experts, and an expected $700,000 in NAACP legal fees. (In certain types of civil rights litigation plaintiffs' legal costs can be assessed against the defendants if the court sustains the plaintiffs' position). Additional bills were expected.[26]

As the winter wore on, planning for desegregation continued. Judge Battisti reviewed his initial liability finding in light of the Supreme Court's Dayton decision, and re-affirmed his original conclusions. A desegregation plan scheduled for implementation in September 1978 was ordered by the court.[27] And Superintendent Briggs announced his retirement.

Prospects for financing desegregation in Cleveland are difficult to assess. It appears that substantial cost savings will be possible through the closing of excess schools. State officials are considering the possibility of authorizing full reimbursement for the cost of purchasing buses for desegregation. The NAACP has pointed to the Detroit case as a precedent for directing state participation in the payment of desegregation costs. However the problems are massive. The Special Master reported that the 1977 year-end deficit -- carried over to the 1978 budget -- was in excess of $40 million. All of this deficit, of course, was incurred prior to the adoption of a desegregation plan. In April and again in June Cleveland voters refused to approve a local school tax increase. Implementation of a desegregation plan in the fall of 1978 was postponed because of a long teacher strike and the continuing financial problems of the district.

Notes: Cleveland

1 Reed v. Rhodes, 422 F. Supp. 708.

2 Cleveland Plain Dealer, September 18, 1976.

3 Reed v. Thodes, Order on Motion for Stay, September 20, 1976.

4 Cleveland Press, September 29, 1976.

5 Cleveland Press, October 8, 1976.

6 Cleveland Plain Dealer, October 16, 1976.

7 Cleveland Public Schools, "Fact Sheet" (accompanying letter from Superintendent Briggs to attorney Charles Clarke, October 14, 1976).

8 Cleveland Plain Dealer, October 16, 1976.

9 Ron Mottl, "Busing Ourselves Into Bankruptcy", October 1976.

10 "Proposed Desegregation Plan of Defendants", January 1977, p. 73.

11 "Order", Reed v. Rhodes, March 16, 1977.

12 "A Plan for the Desegregation of the Cleveland Public Schools," submitted to Dr. Martin Essex, State Superintendent of Schools, Ohio, January 17, 1977.

13 Reed v. Rhodes, "Order," March 16, 1977.

14 "Proceedings Had Before the Honorable Frank J. Battisti...March 17, 1977," (transcript), pp. 43 ff.

15 Study Group on Racial Isolation in the Public Schools, "Report on the Open Court Session of April 1, 1977, Including the Full Text of the Remarks Made by Chief Judge Battisti at that Session," April 30, 1977.

16 "Third Proposed Desegregation Plan of Defendant Cleveland Board of Education and Dr. Paul W. Briggs," May 1977, pp.98-101.

17 "Special Master's Interim Report to the Court," October 1977.

18 Cleveland Plain Dealer, September 26, 1977.

19 Special Master, op. cit.

20 Ibid.

21 "Recommendations of the Special Master Regarding Defendants' Proposed Desegregation Plans," November 1977, p. 140.

Notes: Cleveland (continued)

[22] Ibid., pp. 137-38.

[23] Ibid., p. 167.

[24] Ibid., p. 168.

[25] Cleveland Plain Dealer, September 26, 1977.

[26] Cleveland Press, December 27, 1977.

[27] Citizens' Council for Ohio Schools, Desegregation Update, No. 12, No. 13.

Columbus

The Columbus public school system encompasses an urban core area as well as many newer residential areas annexed by the district. Enrollment in 1977 is about 96,500 students, down from 110,700 in 1968. Minority enrollment—mostly black—is 33%, compared to 26% in 1968.

Desegregation became a dominant issue in 1973. That year the Board of Education adopted a "Columbus Plan" featuring voluntary transfers and a variety of alternative schools and specialty programs. By 1976-77, 5200 students were participating in the Columbus Plan. The plan had several desegregative effects, but the school system remained substantially segregated.

A second key event in 1973 was the initiation of litigation by plaintiffs who sought to assure that an $89.5 million school construction program would be used affirmatively to promote integration. Later the NAACP joined the suit as intervening plaintiff, and Ohio state officials became co-defendants. The hearings began in April 1976. On March 8, 1977, District Judge Duncan ruled in favor of the plaintiffs. The court ordered the Columbus and state

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In Columbus discussions were held with the following individuals (10/4-5/77):
Damon Asbury, Director of Research, CPS
Beverly Bowen, Director of Public Information, CPS
Robert Bowers, Ohio State Department of Education
Lila Carol, Coalition of Religious Congregations
Hanford Combs, School Transportation Systems, Inc.
Luvern Cunningham, Special Master in the Columbus case
Gordon Hoffman, Ohio School Boards Association
Jeff Pottinger, Director of Finance, CPS
Katherine Scott, member of plaintiff organization
Calvin Smith, Transportation Director, CPS
William Wayson, CPS School Board Candidate and OSU faculty member

defendants to submit desegregation plans within 90 days. In his Opinion, Judge Duncan acknowledged

> the social costs which can be associated with the implementation of a remedy. Depending upon the school system involved, these social costs can include substantial expenditures of public funds....While the plaintiffs must, and will, receive vindication for the deprivation of their constitutional rights, the social costs should not be forgotten in the formulation of a remedy.[1]

In June the Columbus Board submitted a plan for desegregation. The proposal incorporated and expanded the existing Columbus Plan, stressing voluntary transfers (with transportation provided). In addition, 30 schools were to be closed, and nearly 40,000 students were to be involuntarily assigned to new locations. The proposal indicated that 423 new 65-passenger buses would be required to implement the plan. The Board's proposal included some rough cost projections for each component of the three-phase plan. (Phase I involved elementary students; Phase II involved junior high students; and Phase III involved high school students.) The plan also distinguished between items already budgeted (Columbus Plan), items to be reimbursed through state aid, and items which would add to the local tax burden. A financial summary was presented as follows:

Columbus Desegregation Plan (6/77)[2]

Component	Phase I Cost	Phase II Cost	Phase III Cost
Transportation	$10,490,835	$ 4,287,506	$ 347,703
Educational Programs	5,527,693	6,492,124	2,698,340
Staff Development	772,742	505,360	505,360
Community Services	524,189	487,567	487,567
Gross	$17,623,767	$11,772,557	$4,038,970
Existing Budget	2,423,238	2,666,980	1,627,772
Net New	15,200,529	9,105,577	2,411,248
State Aid	2,487,620	813,212	402,458
Net Local New Costs	$12,712,909	$ 8,292,365	$2,008,790

The key item, for the Board, was the $23 million increase in local costs. (This is the sum of the bottom line—net local new costs—for all three phases.) At the time the plan was submitted, the Board asked the court to order the state of Ohio to assume the costs of desegregation. At the same time Superintendent Davis was quoted as saying "Frankly, I don't know where we will get all the money. We already have a projected $3.6 million deficit this year."[3] This theme also was stressed in the Board's proposal to the court; the financial plight of the Columbus schools was described in detail.

The defendant state officials also submitted a desegregation plan in June. It gave little attention to educational program components such as those so prominently featured in the Columbus Board's plan. Instead attention

was limited to faculty and student re-assignment, and to transportation. The state plan calculated that an additional 37,000 students would need to be transported, and that such transportation would require purchase of 371 new 65-passenger buses (the Columbus Board had projected a need for 423 new buses). In displaying costs, the state distinguished between non-recurring costs (principally for vehicle acquisition) and annual operating costs. The latter figure was projected at $8.3 million annually--more than $200 per student. Of this amount $5.9 million was for the costs of bus drivers, computed at approximately $13,000 per driver. An additional $2.8 million was for bus monitors, at $6360 per monitor. The state's calculations assumed a load factor of 119 students per bus for 65-passenger buses.[4]

Doubts about the cost data immediately surfaced. "Up Front: Desegregation News and Perspectives"--a newsletter published by a citizens' group concerned with facilitating accurate information on the progress of desegregation in Columbus --warned that

> The dollar costs and numbers of students to be transported in the (Columbus and State) plans cannot be compared since each plan used different cost categories and was predicated on different assumptions of who will be bused. To date, neither plan is based on studies and recommendations of transportation experts.

"Up Front" further noted that the Board's plan

> allocates as desegregation costs programs which ordinarily are the constitutional and education responsibility of the school board....The savings through vacated facilities are not translated into dollar amounts.[5]

Shortly after the Columbus and State plans were submitted, the U.S. Supreme Court announced its Dayton decision, suggesting that court-ordered remedies needed to be restricted in scope to the remediation of the

constitutional violations which had been found. The Columbus school board majority thereupon submitted a drastically scaled-down desegregation plan affecting only the schools named in Judge Duncan's order. In this plan, only 4000 students would be involuntarily bused, and only 30 additional buses would be required. The Board minority prepared still another plan; this one proposed transporting nearly as many students as the initial Board plan, but at a cost of only $2.8 million.[6]

On July 29 Judge Duncan rejected all the plans. The original Board plan was defective because it left too many predominantly-white schools. In addition the Judge took exception to the heavy emphasis upon the Columbus Plan elements of the proposal:

> ...Since the evidence in this case does not show that these programs will operate to desegregate the Columbus Public Schools, or that they are necessary for the success of a remedy plan, I do not believe that they are necessary elements of a Court-ordered remedy....Such matters should be reserved for consideration by the local board of education. That board has determined that these programs are desirable, and the Court will neither interfere nor argue with that judgment. Although the expansion of such plans must be assigned a lower priority than the implementation of the court-ordered remedy plan, these programs may...be continued if financially feasible.[7]

The Court then set forth guidelines for the development of a new plan. Phase I was to concern community and student and faculty orientation, curriculum development, and a reading program; it was to be submitted to the court by mid-August so that implementation could begin in September, 1977. Phase II, to be submitted by September, was to provide for elementary student re-assignment and transportation in January 1978, and secondary student reassignment and transportation in September 1978. The Phase II submission was to include transportation cost data.[8]

In August the Columbus Board submitted its Phase I plan. Total costs were estimated at $3.2 million for a developmental reading program. Other components included Community Orientation and Information Services ($142,000), Pupil Orientation ($38,000), Multi-Cultural Curriculum Development ($58,000), and Staff Orientation ($104,000). The Board again stressed its financial plight, and noted that full implementation of the Phase I plan was contingent upon the availability of additional funding.[9] The program was approved by the court, and currently is being implemented.

In preparing its Phase II plan, the Columbus Board relied heavily upon information supplied by a private transporation engineering firm, Simpson and Curtin. Simpson and Curtin projected a need to purchase 200 new buses to transport 38,000 additional students. (The original Board plan had called for 423 new buses, and the state plan had projected a need for 321 buses.) Annual operating costs were projected at $2.3 million or $63 per student, in the Simpson and Curtin report.[10]

The Phase II plan included some detailed cost projections which incorporated both the Phase I and the Phase II cost components. The key figure was $16.7 million—a projection of the Phase I and Phase II costs through July 1979, assuming that pupil reassignment and transportation did not begin until September 1978. If Phase II was to be implemented in January 1978, the key figure was $25 million.[11] On the day the plan was submitted to the court, the Director of Public Information issued a new release stating that "without additional funds, the desegregation costs combined with currently estimated deficits would force schools to close as early as September 22, 1978."[12]

In late September the Special Master held hearings on the Phase II plans. At the hearings it was disclosed that the Board's figures contained an error : the $23 million figure was $6 million too high, and the $16.7 million figure was $4.3 million too high.[13] The error stemmed from counting bus drivers' wages twice.[14] In the documents which corrected these errors further changes were made. Several Phase I cost projections were substantially increased, without explanation. Disregarding the Simpson and Curtin figures, the Board now projected that operating costs for transporation in 1978-79 would be $5.1 million, or $140 per pupil. This figure included 40 "pupil personnel specialists" at $21,267 each.[15]

A feature of the Phase II plan was its stress upon school closings. Twenty elementary schools, one junior high, and one senior high were to be closed. Eleven other schools were to be converted to alternate uses. Information about the savings stemming from the school closings was not presented to the court. However, Columbus school officials stated that they estimate annual savings of $75,000 per elementary school, $150,000 for a junior high school, and $225,000 for a senior high.[16] Thus the projected savings, from school closings, would amount to $1,875,000 annually.

On October 4, Judge Duncan issued a new order. He expressed "doubts" about the Board's claims about the difficulties and costs of implementing elementary student transportation in January 1978, and stated that the Board's submission of information about transportation equipment was "shallow, conclusory, and only marginally responsive to the Court's (July 29) order."

However the Judge deferred to the Board's preference for delaying implementation of Phase II Until September 1978.

As he had done previously, Judge Duncan continued to take issue with the types of costs which the Board attributed to desegregation. In his October 4 order he noted that

> the expenses of desegregation are substantial enough without including budget items which arguably have no direct relationship to the desegregation process. Budget items designed to address needs which existed before the March 8, 1977, finding of liability cannot in fairness be attributed to the remedy phase of this litigation. The community should not be misled about the costs of desegregation. (emphasis added)

As an example, the Judge cited a $769,960 item for "pupil personnel specialists." The Judge ordered the Board to "re-examine and update the anticipated budget for all phases of the plan" and submit the revised budget to the court on November 9.[17]

A campaign to secure voter approval for a school tax increase was underway at the time Columbus was visited. In notable contrast to the Board's emphasis (in its communications to the court) about the high costs of desegregation, desegregation costs were being down-played in the tax campaign. According to Superintendent Davis, only 1.65 mills of the 8.70 mill levy increase was earmarked for desegregation. Moreover, according to the Superintendent, the multi-million dollar "error" discovered at the September hearings meant that the school district needed to seek only 1 million yearly in outside desegregation funding assistance, rather than the previously projected 3 million in outside desegregation assistance money.[18] No explanation for these figures was presented. At the November 8 election the tax levy was defeated by a narrow margin.

On November 9 the Board of Education presented the desegregation budget which the court had requested. The Board document included a "Summary" which is reproduced below: [19]

Item	1977-78 costs (10 months)		1978-79 costs (12 months)	
	total	out of pocket	total	out of pocket
Revenue				
Bus purchases and operation	$1,124,661	$1,124,661	$1,783,941	$1,783,941
Total Revenue	$1,124,661	$1,124,661	$1,783,941	$1,783,941
Expense				
Pupil Reassignment				
Bus Operation	$4,256,016	$4,250,006	$4,076,050	$2,892,958
Bus Maintenance	$1,544,829	$1,527,472	$ 585,725	430,064
Data Processing	52,012	52,012	115,304	115,304
Administration (including Pupil Assistance Personnel)	275,094	154,172	1,360,155	1,194,044
Pupil Information, Staff Orientation, Multi-Cultural Update	524,284	355,042	-0-	-0-
Community Orientation and Information Services	97,860	97,860	108,715	108,715
Reading Development	1,529,845	267,748	2,772,102	1,028,718
Total Expenses	$8,279,960	$6,704,312	$9,018,051	$5,769,803
Savings				
School Closings	-0-	-0-	$1,275,000	$1,275,000
Total Savings	-0-	-0-	$1,275,000	$1,275,000
Total Net Expense	$8,279,941	$6,704,312	$5,959,110	$2,710,862
Total Net Cost (Total Revenue less Total Net Expense)	$7,155,279	$5,579,651	$5,959,110	$2,710,862

Supplementing the "Summary" were several pages of text and figures which provided more detailed information about the bases of the Board's cost estimates.

Several features of the Board's budget warrant comment. One is the attention given to "total net cost". In contrast to some other cities, the Columbus budget acknowledges that some of the costs of desegregation are offset by revenues (state transportation aid) and by savings (school closings). A second interesting feature is the distinction between "total" and "out of pocket" items. According to the Board's document, "total cost represents the total of personnel and material costs attributable to the remedy plan." Out of pocket costs represent "those costs attributable to the remedy plan which are in addition to current expenditure levels and for the most part represent new employees and higher material expenditure levels." Evidently then, the Board's plan presents a local tax burden of $5.6 million in 1977-78 and $2.7 million in 1978-79 (when the plan is fully operational). This local tax burden will be sutstantially reduced in the event that the state defendants are ordered to pay a larger portion of the transportation costs (bus purchase in 1977-78, and bus operation in 1978-79). Additional state or federal funding could further offset costs of desegregation components such as reading development and administration. However the availability of such outside resources is by no means assured.

Postscript -- Planning for desegregation continued throughout the 1977-78 school year. However in August 1978 the Supreme Court granted the Board's request to delay implementation; the Columbus case is currently before the Court.

Notes: Columbus

1 Historical information and Judge Duncan's finding of liability are found in Penick et. al. v. Columbus Board of Education, et. al. (429 F. Supp 229).

2 "The Response of the Columbus City School District to a Federal District Court Desegregation Order," June 1977.

3 Columbus Citizen Journal, June 8, 1977.

4 Ohio State Board of Education, " Plan for the Desegregation of Columbus Schools," June 14, 1977.

5 Coalition of Religious Congregations, "Up Front," June 24, 1977.

6 Ohio State Lantern, July 17, 1977.

7 Citizens' Council for Ohio Schools, "Desegregation Update, No. 10," September 1977.

8 Ibid.

9 Response of the Columbus Public Schools to Certain Requirements of the District Court Order of July 29, 1977," August 16, 1977.

10 Simpson and Curtin Transportation Engineers, "Analysis of Transportation Requirements and Alternatives for Systemwide Desegregation of Columbus Schools," August 1977.

11 "The Columbus City School District Response to a July 29, 1977 Federal District Court Pupil Desegregation Order," August 30, 1977.

12 Director of Public Information Columbus Public Schools, "Release #123," August 20, 1977.

13 Columbus Dispatch, September ?*, 1977.

14 Interview.

15 "The Desegregation Budget, Revised (September 26, 1977)"

16 Interview.

17 Penick et. al. v. Columbus Board of Education, et. al., Memorandum and Order, October 4, 1977.

18 Columbus Dispatch, September ?*, 1977.

19 Columbus Public Schools, "Remedy Plan Budget", November 9, 1977.

* Date illegible on source material.

Buffalo

Buffalo, New York State's second largest city, had a total population of 457,814 in 1970. The city economy is dependent upon heavy industry. However the factories often are old and many are closing. The city retains many European ethnic neighborhoods.

In 1968 the Buffalo Public Schools enrolled 72,000 students; 39% were black. Current school enrollment is down to approximately 54,000--47% minority. Desegregation became an issue in 1965 when the New York Commissioner of Education ordered the school board to devise a desegregation plan. The plan which was developed featured a grade reorganization and the construction of twelve new middle schools. However the Board of Education failed to obtain the sites needed for the middle schools, and the City Council refused to make new construction funds available. Hence the main portion of the plan was not implemented. Another component of the plan featured one-way voluntary busing whereby inner-city volunteers were provided free bus passes to schools in the outlying portions of the city. By 1971 approximately 3200 students were availing themselves of this plan, but it did little to reduce the racial isolation of Buffalo's inner-city schools. According to the 1973 Fleischmann

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Buffalo was visited on August 22-23, 1977. The following individuals kindly shared their time, information, ideas and materials with me:

Wade Newhouse, Professor of Law, SUNY-Buffalo
Eugene Reville, Superintendent, BPS
Kenneth Echols, Desegregation Supervisor, BPS
Richard Griffin, Attorney for Plaintiffs
Norman Goldfarb, Plaintiff

In the period following my visit Keith Elkins, a faculty member at Empire State College, provided many newspaper clippings describing new developments in Buffalo's desegregation effort.

Commission Report, "voluntary desegregation of Buffalo's public schools... appears unlikely. Six years after being ordered by the Commissioner to begin desegregation, the situation remains basically the same as it was at the time of the order, if not worse."[1]

In 1972 desegregation litigation began, with city officials, school district officials, and state officials named as defendents. In May 1976 Federal District Judge Curtin ruled that the plaintiffs' constitutional rights had been violated. Defendants were ordered to submit remedial plans.[2]

In his reviewing of those plans, Judge Curtin made several observations concerning the financial aspects of desegregation. He expressed reservations about the fact that the Board's proposal to close several schools was "made primarily for purposes of economy and that in some instances the integration aspect is secondary". The court took note of the defendants' contention that cuts which the City Council had made in the school district's 1976-77 budget had created a financial crisis in the Buffalo Public Schools—a crisis which defendants said would lead to severe cuts in programs and would preclude any major integration effort. The Judge also noted that the Board's initial proposal was "short of a true integration effort". Nevertheless he allowed the defendants to proceed with their 1976-77 "Phase I" plan.[3]

Ten schools were closed in Phase I. (Plaintiffs characterized Phase I as a "school closing plan, not a desegregation plan".) In addition two magnet school programs were established: an "Honors School" and a new $13 million K-8 school in the inner-city. Phase I also continued the small scale one-way busing plan adopted in 1967. ESAA funds ($1.6 million) covered some of the costs of the Phase I plan.

In his Order requiring the defendants to begin planning for Phase II (1977-78) Judge Curtin displayed considerable skepticism about the defendants' treatment of financial matters. Noting that financial problems had frustrated past desegregation efforts, Curtin ordered city budget officials "to determine what funds are needed to put into effect the plan and to begin to make provisions so that the budget prepared for the 1977-78 school year would adequately provide the needed money". At the same time the Judge cautioned that vague allegations of financial limitations would not be acceptable to the court:

> In its plan, the Board may take into account practicalities... but these practicalities must be supported by details. For instance, the cost of rehabilitation, maintenance, transportation, hiring of new personnel, transportation distances and number of individuals involved, resources and staffing problems and considerations of other problems may be considered in drawing up the plan. The Court emphasizes... that mere opinion, however, of the [defendants] cannot be considered by the Court unless it is supported by facts and figures.[4]

Early in 1977 the plaintiffs submitted their own Phase II proposal, prepared by desegregation expert John Finger. Finger suggested that the <u>state</u> defendants should bear some of the costs, and that:

> the Court should state an estimated dollar amount to be expended annually to compensate for the state's discriminatory acts. The Regents should then through its Education Department provide the needed detailed studies as to how such funds should be expended. Fifty million dollars ($50,000,000) would seem an appropriate annual amount above that already provided.[5]

(During the period 1965 through 1970 the legislature had annually appropriated funds to assist districts reduce racial imbalance. In 1971 $3 million had been appropriated, but thereafter the Legislature refused to appropriate

desegregation funds).[6] Plaintiffs acknowledged that $50 million was "a good round number".

Finger's plan featured a clustering and pairing arrangement coordinated with school closings and magnet programs. Detailed cost estimates were not provided by Finger. (Buffalo plaintiffs maintain that it is the defendants' responsibility to obtain funds for desegregation). However, Finger noted that:

> renovations and equipment for the paired schools are a cost chargeable to the desegregation plan. The Court should direct the Board of Regents and the Buffalo Board of Education to present a joint plan to the Court for the payment of these costs.

In similar language, Finger suggested that provisions be designed for financing early childhood programs and inservice training for teachers. Commenting on transportation, Finger estimated that his plan would require less transportation than the defendants' plan, that "buses can easily do several runs," and that "a considerable portion of the transportation costs can be charged to the state".[7]

Rejecting the Finger plan, the court approved the Board's Phase II plan. The plan involved the creation of eight new magnet schools and improvements in the voluntary one-way busing program which moved inner-city children to outlying schools. The court required that all magnet schools be integrated. In addition the court directed the state defendants to provide greater assistance to Buffalo by way of "state financing of the hiring of certain additional staff to assist the Buffalo schools". Judge Curtin directed the City of Buffalo to give priority to demolition of "abandoned and derelict structures near some school buildings..."[8]

Planning for the magnet schools survived two summer crises. The first

occurred when Judge Curtin issued an order saying that two of the eight schools could not open because they were racially imbalanced. A successful recruitment effort followed with the result that the Judge's order was withdrawn. A second problem resulted from delay in approval of Buffalo's request for ESAA funds; however shortly before school opened the expected funds were approved.

A July memorandum, titled "Added costs for Phase II, Desegregation of Buffalo Schools," provided information about the costs which the school system considered as desegregation costs.[9] The total amount was $8.4 million. Of this, nearly $5 million was for education program components, e.g., 125 teachers at $16,000, 160 aides at $5,168, 8 assistant principals at $21,000, 8 librarians and 11 library aides, "specialized equipment" ($515,000), books and supplies ($252,000), etc. In addition to education components, the July memo indicated that $275,000 would be needed for building renovation, $245,000 for securing services, and exactly $3,000,000 for transportation.

Newspaper accounts provide further details about transportation costs. In 1977-78 about 29,000 students were bused to school. Of these, approximately 19,500 used passes to ride regular public transit vehicles -- a practice of long standing in Buffalo. The bill for the pass system in 1977-78 was projected at $2.6 million, or $133 per student. Ninety percent of this amount was reimburseable by the state. The remaining 9,500 students were transported by chartered yellow buses. Most of these children participated in the voluntary desegregation programs, i.e. magnet schools and the "Quality Integrated Education" program which transported student volunteers from inner city neighborhoods to outlying schools. (Interviews indicated that yellow buses

and door-to-door service were needed in order to attract volunteers to the Q.I.E. and magnet programs). Only one bid was received from contractors offering yellow buses. Costs were estimated at $3 million, or $316 per student. The contract involved 172 buses. The load factor, thus, was 55 students per bus. Evidently each bus made only one run -- a factor contributing to the high per pupil transportation cost. (Finger's plan had specified that buses could do multiple trips, thus reducing costs).

Despite Judge Curtin's 1976 order that there be advance financial planning for the Phase II (1977-78) school year, the year began with a projected budget deficit of $8 million. School officials expressed confidence that Judge Curtin would order the state-co-defendants to cover the deficit. Milliken v. Bradley II case was cited as precedent for such an order . (A principal advisor to the Board was from Detroit). Newspaper editorials asserted that the federal government had ordered the desegregation, and that the deficit was largely caused by desegregation, and that therefore the federal government should foot the bill.

As the fall wore on, and as no funds were forthcoming from state or federal sources, city officials who were nominally responsible for the school budget began to make charges that the board of education had failed to discharge its financial responsibilities, and that city or state officials should assume more direct control over school finances. By mid-winter there was talk of having to close the schools in May. In early March the Board's hopes for court ordered state fianancial assistance were dashed when an Appellate Court ruled that Judge Curtin's finding of state liability was unwarranted. At that point talk of city or state take-over of school board

finances escalated. By mid-April it appeared that some state funds would be forthcoming, and that some oversight of school finances had been accepted by the Board.[12]

In the midst of the disputes about the schools' overall financial plight, there was another dispute about the costs of desegregation. This one pitted plaintiffs against defendants, and evidently was prompted by plaintiffs' demands for development of a Phase III plan that would desegregate the students who remained in the city's 14-16 predominantly black schools. Judge Curtin ordered the defendant school board to submit a report on desegregation costs. In February 1978 the school system submitted its report, citing desegregation costs of $12.6 million for 1977-78. Plaintiffs disputed the costs, pointing out that some of the costs would be reimbursed by the state in the subsequent year, and that some of the transported students were simply being moved from one all-minority school to another. In addition plaintiffs raised questions as to whether the personnel costs were for desegregation personnel, or simply for personnel re-assigned to desegregated schools. (Interviewees had suggested that many "desegregation personnel" were replacements for personnel whose positions had been terminated following a 1976 teacher strike). Defendants responded that they had not included all desegregation costs in the bill. However the defendants did reduce their estimate of personnel costs by nearly $1 million.[13] Court hearings concerning the Board's desegregation bills were scheduled for late spring, 1978.

Postscript -- Despite controversies about the Buffalo Schools' overall financial position, its desegregation costs, and its plans for eliminating remaining segregation, the 1977-78 school year appears to have gone quite smoothly. State and national officials praised the district for its orderly opening of schools in September, and plaintiffs acknowledged that progress in reducing segregation was evident. In 1978-79 financial problems again

materialized. The City Council's appropriation for schools forced major cuts in personnel. However in February 1979 Judge Curtin ordered restoration of funds. The City has asked the court to reconsider.[14] Thus the litigation goes on. In addition to paying its own attorneys, the Board has been ordered to pay the plaintiffs' attorney fees.[15]

Notes: Buffalo

1. Desegregation efforts in Buffalo prior to 1973 are briefly described in The Fleischmann Report on the Quality, Cost, and Financing of Elementary and Secondary Education in New York State, Volume 1, (New York: Viking) pp. 259-263.
2. Arthur v. Nyquist, 415 F. Supp. 904.
3. Arthur v. Nyquist, transcript of proceedings, July 9, 1976.
4. Ibid.
5. John A. Finger, Jr., "A Plan for the Desegregation of the Buffalo Public Schools", March 1977.
6. Fleischmann Report, op. cit.
7. Finger Plan, op. cit.
8. Arthur v. Nyquist, Order, May 4, 1977.
9. Board of Education, City of Buffalo, "Interoffice Memorandum: Added Costs for Phase II, Desegregation of Buffalo Schools", July 27, 1977.
10. Buffalo Courier-Express, November 20, 1977.
11. Buffalo Evening News, August 12, 1977.
12. Buffalo Evening News, April 20, 1978.
13. Buffalo Evening News, February 28, 1978.
14. Buffalo Courier-Express, March 10, 1978.
15. Arthur v. Nyquist, 426 F. Supp. 194.

Milwaukee

Fall 1976 enrollment in the Milwaukee Public Schools was 109,500 -- down from 130,000 in 1968. In the same period the proportion of minority enrollment grew from 27% to approximately 40%. A desegregation suit was initiated in the mid-1960s. In January 1976 Federal District Judge Reynolds ruled that the Board of Education had unlawfully maintained segregation within the Milwaukee schools.[1] A Special Master was appointed to supervise the development and implementation of a remedy. District efforts to devise a desegregation plan lagged during the Spring of 1976; in June the court ordered the defendants to accelerate their efforts so that a remedy could be initiated in September 1976 and completed by September 1978. Subsequently a three-phase plan was accepted by the court. Phase I (1976-77) relied heavily upon magnet schools, specialty programs, and voluntary transfers by students. The goal of Phase I was to raise the number of schools with a 25-45% black enrollment from 14 to 53 (one-third of the total number of schools). This goal was exceeded in 1976-77: 67 schools reached target levels.[2]

A Phase II plan (1977-78) called for bringing 101 schools into the 25-45% minority enrollment range. This goal also was achieved, thanks to the success of a more-or-less voluntary approach which combined specialty programs and a forced-choice assignment of students whose home schools were closed or converted to special uses. Most of the students in the latter category were black.[3]

Information about desegregation in Milwaukee was provided by the Milwaukee Urban Observatory, a Division of the Urban Outreach program of the University of Wisconsin, Milwaukee. In addition, discussions were held with the following individuals on March 6-7, 1978:

David Bednarek, Milwaukee Journal
Kenneth Black, Milwaukee Public Schools, Budget Analyst
William Kritek, University of Wisconsin, Milwaukee
Richard Wenzell, Milwaukee Public Schools, Transportation Director

The Phase III plan, which was supposed to desegregate the remaining one-third of Milwaukee schools in 1978-79, was set aside after the Supreme Court's Dayton decision forced a review of the initial liability finding in Milwaukee. An initial consequence of that review was the closing of the Special Master's office. A re-hearing of the Milwaukee case began early in 1978 and continued past mid-March, when the Board of Education was required to adopt its 1978-79 budget. The Board chose to maintain the status quo, neither retreating from the Phase II plan nor proceeding with the Phase III plan.[4]

Three features of Milwaukee's desegregation finances have been chosen for special attention: transportation costs, litigation costs, and desegregation revenues. In the following sections these topics are examined separately.

Transportation

The costs of transportation for desegregation in Milwaukee proved to be virtually impossible to ascertain. The reason for the difficulty is found in the complexity of the transportation system. Several features of the complexity can be isolated. First, in Wisconsin both public and non-public school students are eligible for transportation which is provided by the district of residence. Cost differences are associated with different types of routes required by public and non-public students, but these differences cannot be readily measured.

Second, two fundamentally different approaches to transportation are utilized in Milwaukee. One, relying upon the public transit system, utilizes a pass system; cost of the passes probably bears only a remote resemblance to the cost of the service. The second system, relying upon contractors who bid on routes identified by the school system, is managed and financed by the

school system. However the second system really contains a number of different systems, each with its own cost structure. For example in 1976-77 three contractors provided transportation services. One of these contractors, serving three city-wide elementary specialty schools, was reported to charge about $1,000 per day for 20 buses. Another contractor served twelve elementary specialty schools, and used 42 vehicles for $1,404 per day. A third operator, serving voluntary transfer students, charged $2,106 per day for 73 vehicles. These three systems can be compared in terms of cost per day per bus ($50, $33, and $29 respectively) or cost per year per bus ($9,000, $5,940, and $5,220).[5] However it is not possible to establish the reasons for the differences, nor is it possible to calculate (from available data) load factors which would permit an estimate of per student costs.

Another complicating factor results from the difficulty in distinguishing students who are transported for desegregation from students who are transported for programs such as Special Education or Vocational Education. For example, is a student who is transported to a specialized high school whose integration preceded the Phase I Plan to be counted among the students who are transported to desegregated schools? The question takes on major significance when the amount of state transportation aid hinges on the answer.

Still another problem stems from the fact that cost determinants in 1976-77 were radically different from those in 1977-78, thus inhibiting year-to-year comparisons. In addition to the changes reflecting changing prices and changes in overall school enrollment, Milwaukee transportation costs were affected by market conditions. The Phase II transportation system evidently consumed the entire private contractor transportation capability in the Milwaukee area,

and it is widely believed that the contractors boosted prices accordingly. Moreover the Phase II desegregation plan was so complex that it exceeded the schools' capacity for efficient management -- a short-term problem that the schools attempted to resolve by way of an expensive contract with an outside consulting firm specializing in school transportation management.

Finally, there was the desegregation plan itself. That plan, emphasizing voluntarism, was inherently expensive. Students from a single neighborhood might choose to attend dozens of schools throughout the city; at the same time a given school might draw students from all portions of the city. The result was a costly and nightmarish scheduling problem. In 1977-78 more than 1100 transportation routes were established.[6] In some cases the number of students being transported from place to place were so few that it became economical -- but very expensive -- to hire taxicabs to transport students. Overall, the load factor in Milwaukee schoolbuses was only 34 students in 1976-77; such a low load factor boosts per student costs dramatically.

In the face of all these complications it is virtually impossible to distinguish transportation costs which are attributable to desegregation from those which are attributable to other functions. Nor, for school managers, is there any particular point in making such a distinction. For them the basic problem is to control costs. By late 1977, when it became apparent that there would be a multi-million dollar cost over-run in the 1977-78 transportation budget, reasons for the over-run and efforts at cost control were being discussed in the press. School transportation personnel cited the "sellers market", the ingenuity of parents in circumventing the computer assignment system, the costs associated with voluntarism, and a host of other factors

which had the effect of driving average per pupil transportation costs from $122 in 1975-76 to $219 in 1976-77 and even higher in 1977-78.[7] But the figures are suspect. An investigation by the Milwaukee Sentinel indicated that a $6 million transportation figure submitted to the state by Milwaukee was wrong, and that the correct figure was $3.6 million.[8] A subsequent investigation by the Sentinel concerned the bidding practices of certain bus contractors; investigations by public officials were scheduled to occur in the Spring.[9]

Litigation Costs

By mid-1977 litigation bills exceeded $1 million in the Milwaukee desegregation case. These costs reportedly were distributed as follows:

1. The Board retains a private firm, Quarles and Brady, to handle its legal defense in the desegregation case. The principal attorney in the case bills the Board $65 per hour for his own time and $35 per hour for the time of junior members of the firm. Evidently these fees include overhead, but other direct costs are added to the hourly costs. The billings vary in amount from month to month and year to year. From May 1968 through May 1976 billings to the Board from Quarles and Brady totalled $216,000. Of this, $40,000 was for the first four months of 1976. The high legal costs continued through 1976; by the end of November the cumulative billing had climbed to $312,542—a six month increase of $96,000. By June 1977 the total had risen to $393,148—a six month increase of more than $81,000.[10]

2. In January 1976 Judge Reynolds appointed a Special Master in the case, to be paid by the Board of Education at a rate of $50 per hour plus expenses. By October 1977 Board payments to the Special Master amounted to $138,000;

the figure includes $89,000 for his time plus additional amounts for travel (he commutes from Texas), living expenses, and staff expenses". An issue has been whether the Special Master should have his own staff, or whether he must depend upon Board of Education employees for staff work.[12]

3. In January 1976, Judge Reynolds appointed attorney Irvin Charne to represent children not specifically named in the desegregation suit. Charne's bills, which must be approved by the Judge, are pegged at $55 per hour for Charne and $45 per hour for his associates. By the end of 1976 Charne's bills totalled $78,302. By August 1977 the amount had climbed to $134,245.[13]

4. Attorney Lloyd Barbee, who has represented plaintiffs since the inception of the Milwaukee litigation in 1965, submitted bills amounting to $698,177 through April 1977. His rate is $50 per hour. Barbee's bill has been challenged. The disposition of the challenge is not known.

Judge Reynolds has ruled that the defendant Board must pay attorney fees to the Special Master and plaintiffs' attorneys Barbee and Charne. With the case again under review by the District Court, following the Supreme Court ruling of June 1977, it is clear that litigation costs will continue to mount. In the words of the Sentinel, "As Milwaukeeans are learning, one of the highest tangible costs of segregation can be the legal fees".[15]

Revenues for Desegregation

Perhaps the most striking feature of Milwaukee's Phase I desegregation program was that its costs appear to have been fully covered by outside revenues. The Journal quoted Assistant Superintendent John Peper as follows: "Desegregation is not causing any increase in the local property tax rate—absolutely none".[16] Milwaukee's 1976-77 desegregation plan was financed from three revenue sources:

1. In 1976 the Wisconsin legislature adopted a bill (popularly known as "Chapter 220") providing major desegregation incentives. The bill provides that each student who transfers for desegregation is counted as 1.2 pupils for state aid purposes. In addition the state reimburses the full transportation costs of students who transfer for desegregation. In the case of students who transfer from one district to another, the sending district still counts the students for state aid purposes and the receiving district is paid the full costs of education for the received student.[17] The effect of all this, according to the Journal, was "so lucrative that it allowed Milwaukee officials to establish all their specialty schools and other incentives to induce voluntary desegregation without charging local taxpayers anything for them".[18] Initial 1976-77 estimates indicated that Milwaukee would receive a $4 million increase in state aid from the transfer incentive plus full reimbursement for associated transportation costs.[19]

2. In addition to state aid Milwaukee has received major federal assistance. In June 1976 Milwaukee received a $74,000 grant for desegregation planning under the provisions of the Civil Rights Act of 1964. An additional $124,000 was received under this Act in 1977.[20] However the bulk of Milwaukee's federal desegregation assistance came from ESAA funds. During August 1976, when the district's ESAA proposal first was drafted, it was estimated that the request for funding would total $7-10 million.[21] However the request later was raised to $13.5 million "by including nearly all expenses even remotely connected with the city's desegregation plans...except legal fees and court related costs".[22] After this application was rejected by HEW, a revised request for $5.5 million was submitted. Further negotiations ensued and the final grant, announced in

late September 1976, was for $3.4 million, slated for use principally in financing remedial reading, mathematics, and human relations project.[23] In late May 1977 it was reported that nearly $1 million of the ESAA grant had not been spent -- a result attributed to late receipt of the funds, a teacher strike, and Board disputes which had delayed the employment of a large number of teacher aides.[24]

3. In addition to public sources, the Milwaukee schools received at least one gift from a foundation interested in supporting desegregation.[25]

Despite the fact that Phase I desegregation costs appear to have been fully reimbursed by state and federal funds, the local press frequently conveyed the impression that desegregation was costing local tax dollars, as indicated in the following excerpts from the local press:

> [Following announcement of a cut in the district's ESAA application] Unless the School Board is successful in obtaining additional federal desegregation funds, Milwaukee residents will face large tax increases to pay for future desegregation plans.[26]

> [In connection with a discussion about budget cuts for 1977] Although the desegregation plan for 1977 is not done and its costs cannot be determined, school officials said it would be reasonable to expect that the cost would be about the same as the first phase cost of $2.8 million or an additional tax rate of 46 cents per $1,000 of assessed valuation.[27]

> Eventually a $226 million budget was adopted, including $3 million for desegregation, i.e., 1.4% of the total.[28]

Contrasting with such items were others in which the press conveyed different impressions about the local costs of desegregation:

> Local property taxpayers do not foot the bill for school desegregation; state and federal taxpayers do. Nevertheless, the economics of school desegregation have crept into political rhetoric as candidates prepare for

> the School Board election April 5... To Busalacchi and other incumbents favoring continued appeal of the original desegregation order, the waste refers to increased busing costs. To Perry and members of the School Board minority who want to drop all appeals and get on with racially balancing the schools, the waste applies to lawyers' fees for the appeals. Neither issue has anything appreciable to do with property taxes.[27]

> The main factors in the increase include the $15 million for school salaries, $3 to $4 million for expansion of programs for handicapped children, and close to $8 million for desegregation. The increased costs for desegregation and education of the handicapped would be paid by the state and federal government. The expenditures would have some effect on the state and federal tax rate, of course, but not on the local tax rate.[30]

While some of the confusion reflected in press accounts undoubtedly was due to carelessness or political considerations, much of it seems to have reflected the school system's inability to engage in financial planning. As late as August, 1976, local school officials did not know how much money would be forthcoming under the newly adopted Chapter 220 statute. And, as noted previously, the ESAA grant was not finalized until after the Phase I plan was in operation. In addition, during the planning period Judge Reynolds and the city counselor made opposing assertions concerning the district's entitlement to use of several million dollars in unexpended funds from 1975. Such conditions must have hampered district financial planning efforts.

Initial analyses of the Phase II (1977-78) budget indicated that the financial picture would be less rosy than it was in Phase I. The enrollment decline from 1976-77 to 1977-78 was 1200 students larger than expected (and budgeted); consequently state aid would fall. In addition a quirk in the Chapter 220 law appeared to have the effect of disqualifying several thousand students in city-wide schools (i.e. undistricted schools) from eligibility for

the inter-district transfer incentives which had provided such a bonanza the previous year.[31] The ultimate disposition and effect of these developments is not known at the time of this writing. (April 1978)

Notes: Milwaukee

1 Amos v. Board of School Directors of Milwaukee, 408 F. Supp. 765.

2 David Bennett, "Community Involvement in Desegregation: Milwaukee's Voluntary Plan", American Educational Research Association, March 1978.

3 David Bednarek, "Milwaukee", Integrateducation, November/December 1977, p. 36.

4 Bennett, op. cit.

5 Milwaukee Journal, August 17, 1976.

6 Milwaukee Journal, August 31, 1977.

7 Milwaukee Sentinel, December 2, 1977.

8 Ibid.

9 Milwaukee Sentinel, January 28, 1978, January 31, 1978, February 1, 1978.

10 Milwaukee Journal, December 20, 1976; Milwaukee Journal, July 16, 1977.

11 Milwaukee Journal, October 25, 1977.

12 Milwaukee Journal, December 30, 1976.

13 Milwaukee Journal, December 30, 1976; Milwaukee Sentinel, August 6, 1977.

14 Milwaukee Journal, December 12, 1976; Milwaukee Sentinel, April 13, 1977.

15 Milwaukee Sentinel, June 14, 1976.

16 Milwaukee Journal, March 6, 1977.

17 Milwaukee Journal, February 27, 1977.

18 Milwaukee Journal, March 6, 1977.

19 Milwaukee Journal, February 27, 1977.

20 Milwaukee Journal, June 23, 1976; Milwaukee Journal, July 8, 1977.

21 Milwaukee Journal, August 27, 1976.

22 Ibid.

23 Milwaukee Sentinel, September 24, 1976.

24 Milwaukee Sentinel, May 20, 1977.

Notes: Milwaukee (continued)

25 Milwaukee Sentinel, July 31, 1976.

26 Milwaukee Sentinel, September 24, 1976.

27 Milwaukee Journal, September 29, 1976.

28 Milwaukee Sentinel, October 28, 1976.

29 Milwaukee Journal, March 6, 1977.

30 Milwaukee Journal, June 3, 1977.

31 Milwaukee Journal, November 9, 1977.

Dayton

Dayton, Ohio, has achieved national praise for its smooth and peaceful implementation of a court-ordered school desegregation plan which required massive transportation of students. The plan, first implemented in September 1976, was designed to produce racial balance in every school. Of the 40,000 students enrolled in 1976-77 (52% minority), approximately 11,000 were transported as a result of the court order. (Enrollment has declined from 59,000 in 1968, when the minority population was 38% of the total).

Desegregation has been an issue for nearly a decade. In 1969 an Office of Civil Rights (HEW) compliance review showed non-compliance with Civil Rights Act standards concerning faculty and student assignment in Dayton. In June 1971 the Ohio State Department of Education recommended that the Dayton Schools take steps to eliminate vestiges of state imposed segregation. The Board then appointed a citizens committee to make recommendations for the reduction of racial isolation. In December 1971 the Board adopted a series of recommendations acknowledging the existence of segregation in the district and directing implementation of a desegregation plan by September 1972. In addition a team of consultants was employed to prepare a desegregation plan. However these December actions were taken by a lame duck board; its pro-integration majority was about to be replaced by newly-elected members who promptly rescinded the prior board's

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In Dayton discussions were held with the following individuals:
Richard Austin, Attorney for plaintiffs
Ashley Farmer, Security Director, DPS
Norman Feuer, Assistant Superintendent for Instruction, DPS
Ken Hall, Director of Transportation, DPS
William Harrison, Assistant Superintendent for Administrative Services, DPS
Donald Oldiges, Research Department, DPS
Robert Weinman, Assistant Superintendent for Mgt. Services, DPS
H. M. Wilson, Jr., Clerk-Treasurer, DPS

December actions. In April 1972 a suit was filed against the Board, and in February 1973 District Judge Rubin held that the Dayton Schools had violated the Equal Protection clause.[1] Soon thereafter separate remedial plans were filed by the Board majority and the Board minority. Judge Rubin eventually accepted a plan featuring open enrollment, faculty desegregation, magnet schools, and specialty schools which enrolled students on a part-time basis.[2] On appeal however, the Sixth Circuit Court of Appeals declared that a more extensive remedy was required to overcome the effects of past segregation.[3] The case went back and forth between Judge Rubin and the Circuit Court for some time. An order requiring system-wide racial balance and substantial busing was issued in March 1976, for implementation in September. While all of these proceedings were underway, the district had implemented the magnet school concept, had established specialty schools (science centers), and had desegregated the faculty and staff. (At one point the Board also had submitted a proposed plan calling for the creation of three 10,000-student elementary school parks which would serve all of the district's elementary school children.) However the plan finally adopted by the court was based on one prepared by John Finger; the plan emphasized pairings and clusterings which required cross-district busing. In addition, portions of the magnet school program were to be retained. The Board determined that the plan would be implemented, and with the staff worked hard to assure successful and peaceful

implementation in September 1976 and again in September 1977. Meanwhile however, the Board's appeal had been heard by the Supreme Court, which sent the case back for review, as noted above.[4]

In the summer of 1976 a citizens' committee was formed to look at the costs of desegregation in Dayton. Evidently the formation of the committee was prompted by several considerations: the prospect of a budget deficit in 1977, a quest for federal funds for desegregation assistance, and a desire to force the State of Ohio (a co-defendant in the Dayton case) to assume some of the costs of desegregation. The committee gathered data from 1973, when the magnet school and alternative centers programs were adopted, through the end of 1977 (projected costs), when the court-ordered pairings program would have been instituted and operated for a year and a half. (School budgeting in Ohio is done on a calendar year basis, rather than an academic year basis.) An initial report of the committee was released in August 1976. The report showed a 1973-77 total desegregation cost of $12 million, including $9 million already spent and a projected $3 million for the period September 1976 through December 1977—the period of court-ordered system-wide desegregation. In commenting on the report, Superintendent Maxwell noted that a fiscal pinch was anticipated in 1977, but that "if we didn't have desegregation, we could sweat through it probably." He further noted that "There's no city school district in the United States under desegregation that has passed a school levy that I know of."[5]

The citizens' committee report was formally released by the Board of Education in November 1976. A revised version, based on actual cost experience in 1976 plus modified estimates for 1977 costs, was released in

April; the April report revised total 1973-77 desegregation costs downward to $11.3 million.[6] The report provides one of the best available accounts of desegregation finances, and is discussed in some detail below.

By far the largest portion of the cost which Dayton attributes to desegregation is for educational programs. The total cost of magnet schools and alternative centers for the period 1973-77 is $8 million. The annual costs of these programs are listed as follows:

1973	$1.1 million
1974	1.1 million
1975	2.2 million
1976	2.0 million
1977	1.6 million

The reductions in the educational component, shown for 1976 and 1977, stem primarily from the discontinuance of a "science centers" program in which students were bused to special science schools for their integrated learning experience--a program rendered unnecessary by the court-ordered plan in 1976-77.

The $8 million cost of the educational components was met in part through the regular school budget (state and local funds) and in part through federal assistance. According to the financial report, Dayton received $2.1 million in ESAA funds through August 1976. An additional ESAA grant amounted to $2.0 million in 1976-77. ESAA funding for 1977-78 had not been settled by October. However, even without firm figures for 1977-78, it appears that federal dollars have supported somewhat more than half of the educational program component costs which are ascribed to desegregation by Dayton officials.

The next largest sum ascribed to desegregation during the period 1973-77 is for transportation. The transportation costs allocated to the magnet

schools and alternative centers, 1973-77, are $1.2 million in local costs plus $0.8 million in state aid. Transportation costs for the pairing program, September 1976 through December 1977, are shown at $1.2 million local and $0.8 million in state reimbursement. On an annual basis, the transportation costs of the magnet and alternative programs in 1975 was $536,000, including $170,000 in state aid (local cost: $366,000); in 1977 the transportation costs for the magnet and alternative programs dropped to $372,000, including $160,000 in state aid (local cost: $212,000). However in 1977 the court-ordered pairing program was in effect, with an estimated transportation cost of $1.4 million, including $600,000 in state aid (local cost: $800,000). School officials claim that 11,000 students were transported in 1976-77 under the pairing program.[7] Thus, per pupil costs for transportation under the pairing program were approximately $127 per pupil--$73 local and $54 state. The Dayton data do not show exactly what transportation costs are included within this figure. However, since the bulk of the transportation was provided under a contract system, it is safe to assume that the $127 per pupil figure includes costs of operation plus the costs of capital equipment (buses, storage and maintenance facilities, etc.), and, of course, a profit for the contractor. (The Transportation Director anticipates a reduced cost per pupil in 1977-8because (a) the Dayton Schools now operate their own bus fleet, and (b) staggered starting times in the elementary schools will increase the load factor on buses.[8]

Dayton uses a "mixed mode" pupil transportation system. Several thousand students are transported by the Regional Transit Authority, using a bus pass system which cost $76 per student in 1976-77. The largest portion of students,

as noted above, were transported under a contract system with a private corporation at a cost of $67.50 per bus per day (5 hours).* In addition, the Board of Education operates a small fleet of its own buses. Other modes include a parent contract system whereby parents are reimbursed for transporting children to school, plus limited use of a taxi system. In 1976-77 the costs of these services were:[9]

Contracted Service	$1,568,569
Regional Transit Authority	496,480
Board-owned	262,213
Parent contract	53,885
Taxi	21,374

In addition to the costs which the Dayton report attributed to the educational component and transportation for desegregation, several other costs of desegregation are identified. Costs related to litigation total $256,000, excluding a yet-to-be-negotiated bill for $500,000 for plaintiffs' legal costs. A "human relations and communications" component is priced at $300,000. Security is listed as a $224,000 item.

Although the figures included in the district's report on desegregation costs appear to be genuine, they are not undisputed. Even the people who prepared the figures have encountered difficulties in deciding what costs are properly charged to desegregation, and in identifying the proper numbers to attach to each approved cost category. There are differences in both categories and amounts as reported in August 1976, November 1976, and April 1977. However these discrepancies are minor compared to those which

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* If this figure is correct, as it appears to be ($67.50 per bus x 167 days x 148 buses produces a figure close to the reported price for the 1976-77 bus contract), and if the $127 per pupil cost figure is correct, then the load factor in Dayton was 90-95 students per bus.

some individuals allege. Thus, for example, individuals who adhere to the notion that desegregation costs should not include the costs of program improvements such as magnet schools, reject more than 75% of the "bill" attributed to desegregation. School staff members also acknowledged that some of the educational component items are for costs that would be incurred anyway, and that the effort to seek state or federal reimbursement for desegregation costs encourages broad definitions of what those costs are. One school official expressed concern about the wisdom of displaying the costs in such a way as to create the impression that desegregation "has cost $12 million." (It will be recalled that Cleveland Superintendent Briggs conveyed to the courts the impression that transportation in Dayton cost $12 million annually--a claim without foundation. The fact that the costs are spread over five years has been lost on some.)

The Dayton Schools, like virtually every other major city school district in Ohio, are in considerable financial distress. A tax levy campaign, designed to forestall a school system closing late in 1978, was underway at the time of my visit to Dayton. School officials were trying to downplay the impression that they earlier had created, to the effect that desegregation was a financial burden, and was contributing to the system's financial distress. All the available evidence indicates that the distress stems in large part from factors not related to desegregation costs. For whatever reason, Dayton voters on November 8 rejected the proposal to increase the local school tax rate.

Despite this rebuff, Dayton officials are continuing their efforts to force the state of Ohio, a co-defendant in the case, to absorb a share of the city's desegregation costs. As this is written, the legislature and the State Board of Education are considering the matter, as it involves not

only Dayton but also the several other Ohio cities caught up in desegregation. In addition, Dayton officials are making pilgrimages to Washington to persuade federal officials to pick up a larger share of the costs of desegregation. The outcome of these efforts remains in doubt.

However, Dayton has received substantial assistance under the ESAA programs. It has received staff training funded through the General Assistance Center located at nearby Wright State University. There have been large corporate contributions which have been helpful in community relations and Monitoring Commission activities. Recently the State Board of Education has indicated receptivity toward underwriting the costs of buses purchased for purposes of desegregation.

At this writing (March 1979) it is not clear whether Dayton's desegregation plan will continue. Following the Supreme Court's decision in June 1977, the District Court re-opened hearings in the case, and in December 1977 ruled that under new Supreme Court standards the initial liability finding in Dayton was unwarranted. School district officials, though gratified by their apparent legal victory, expressed concern about the loss of district eligibility for ESAA funds in the event that the desegregation program was abandoned.[10]

During the summer of 1978 plaintiffs appealed District Court ruling to the Sixth Circuit, which concluded that the lower court had gone too far. The Board then appealed the Circuit Court's ruling to the Supreme Court, which has agreed to review the case once again. Meanwhile the desegregation plan remains in operation.

Notes: Dayton

1 Background is summarized in Brinkman v. Gilligan, 503 F.2d 684.

2 Ibid.

3 Ibid.

4 Dayton v. Brinkman, 53 L Ed 2d 851.

5 Dayton Journal Herald, August 24, 1976.

6 Dayton Public Schools, "Actual and Projected Expenditures for Desegregation, Dayton City Schools, 1973-77," Revised 4/4/77.

7 Interview

8 Interview

9 Fact Sheet (Transportation Costs)

10 Dayton Daily News, December 17, 1977, February 24, 1978.

III. Synthesis and Discussion

A reader who has examined the foregoing accounts of desegregation costs may be somewhat overwhelmed by the mass of facts and figures associated with urban school desegregation finance, by the seeming uniqueness of each city's situation, and by the repeated evidences of disagreement about desegregation costs within a given city. Such, at least, was the position of this investigator upon completion of the task of data collection. The principal analytical problem became that of explaining the tremendous variations in reports of desegregation costs within and among the cities we examined. A second analytical problem was to discern regularities which might provide a basis for more systematic comparative studies in the future.

A. Variations in Cost Reports

There appear to be at least three sets of factors which help account for variations in reports of desegregation costs. One set is technical, a second is situational, and the third we shall call "constructivist".

1. Technical Factors

Assume, for a moment, that there is agreement that a particular cost item (e.g. transportation for an additional 5,000 children) can appropriately be labeled as a "desegregation cost". How should the cost be computed? The 5,000 children might be transported in school-owned buses, contracted buses, or public transit vehicles. Each has its own cost accounting and cost reporting system. The public transit system may simply sell tokens. Private contractors may offer a variety of rates (as in Milwaukee). School-owned transportation systems frequently are constrained by state laws specifying the types of costs that can be reported; for example it may not be possible to show bus aides or computer-based routing techniques as transportation costs, even though such costs are "real" costs of transportation. We found great variations in the ways

in which costs are reported, e.g. cost per mile, cost per bus, cost per student. Within transportation systems, controllable items such as load factors and routing efficiency may have major effects on costs, but such effects are not reported. None of these problems is unique to transportation for desegregation; parallels can be found in efforts to compute the costs of transportation for special education, vocational education, non-public school students, etc. There simply is not a standard technique for reporting transportation costs, and both within-city and between-city variations reflect the lack of standardization.

Similar technical problems plague descriptions of other components of desegregation plans. The costs of construction and renovation of facilities, for example, may be reported as one-time costs, or they may be depreciated over a period of years. The costs of special programs (e.g. magnet schools) may be reported in the aggregate, or school-by-school, or as excess costs; distinctions among costs attributable to desegregation rarely are distinguished from the costs attributable to other functions. In short, we lack an accepted technology for identifying and reporting desegregation costs.

2. Situational Factors

Several types of situational factors affected reports of cost. First, and most obvious, desegregation plans differ in design. A plan which is essentially a student reassignment plan has only one major type of cost (transportation); that cost can be kept low (on a per pupil cost basis) because it permits the most efficient organization of a transportation system. In contrast, a plan which features voluntarism and magnet schools is much more costly; it includes different types of costs (e.g. program improvements) and it necessarily requires very costly transportation arrangements (on a cost per pupil basis). It simply costs a lot less to haul all of the children from a particular neighborhood to a particular school than it does to transport the students from a particular neighborhood to a variety of schools.

A second factor is regional cost differences. Construction costs, wage payments for bus drivers, and teacher salary schedules vary from city to city and state to state; such variations are reflected in reports of desegregation costs.

Local demography creates a third situational cost determinant. High levels of residential segregation require more complex and costly student reassignment systems. In cities where enrollments are declining, opportunities for school closings and for special-purpose facilities present themselves.

State laws also make a difference. Where use of public transit systems is prohibited, transportation costs may increase. Where the advent of a desegregation plan coincides with new developments in special education, or school safety codes, or transportation for non-public children, cost experiences are affected.

3. "Constructivist" Factors

The technical and situational factors reported above are not very surprising; indeed the only startling thing about them is the frequency with which they are overlooked. However understanding the third factor affecting reports of desegregation costs necessitates a departure from familiar modes of considering school financial matters. Traditional paradigms for describing school budgets assume that costs can be objectively determined and reported; costs are defined by official budgets. However our data appear to require the use of a constructivist research paradigm (Magoon, 1977). When we asked "What does desegregation cost in this city?", our respondents' answers depended heavily upon the meaning they attached to "desegregation" and "cost". That is, our respondents' definition of the situation directly affected their reports of costs. Reports were not "correct" or "incorrect" in any objective sense. (Even the "official" budget is simply someone's construction.) Working from a constructivist orientation, it is natural to ask whether there are any

regularities in the ways in which people construct desegregation costs. We found several.

First, one's position as an advocate or opponent of desegregation makes a big difference. Generally advocates minimize costs. Opponents maximize them. Several techniques are used. Advocates minimize desegregation costs by noting that they are but a tiny fraction of the overall school budget, by comparing the costs of desegregating with the costs of not desegregating, by citing the new revenues that will become available in the event of desegregation, and by challenging opponents' costs estimates on the basis that they include items not required by strict definitions of desegregation. (For example: magnet school costs may be labelled as costs for program improvements, not desegregation). Opponents maximize costs by emphasizing one-time cost figures, by ignoring desegregation-related revenues and cost savings, and by including as costs items which are only distantly related to desegregation.

Second, if we think of desegregation as a process, and if we think of that process as including some distinguishable stages (e.g. pre-liability, design-of-remedy, and implementation), it becomes clear that reports of desegregation costs are shaped by the reporter's focus upon one stage or another. For example, a reporter who focuses on pre-liability costs may stress legal fees and foregone revenues (if the reporter is sympathetic to plaintiffs). If attention shifts to the design-of-remedy phase, new cost categories come into focus: capital costs for transportation, staff training costs, facilities remodeling. Still later, during implementation, additional financial matters attain prominence, e.g. security costs, and desegregation-related state and federal revenues. Some discrepancies among reports of desegregation costs within and among cities clearly reflect the reporter's points of reference in the long-term desegregation process.

Constructions of school desegregation costs also are affected by reporters'

political situations vis-a-vis revenue sources. For example, the prospect of a local school tax levy campaign seems to cause school officials to downplay the magnitude and burden of desegregation costs. (One such official candidly acknowledged that in his city a serious credibility problem resulted from the contrast between prior statements about the high costs of desegregation, and tax campaign statements to the effect that new taxes were not for desegregation.) Other examples of the politicalization of cost estimates are evident in litigation situations where the issue concerns the state's burden in financing desegregation (e.g. Cleveland). In such situations it makes a certain kind of sense for local defendants to exaggerate desegregation costs in hopes of inducing the court to shift the cost burden to the state. Similarly, where state funds are allocated by formula (as in transportation) there may be little incentive for the local district to exercise rigorous cost controls. For example, if a state picks up three-quarters of the cost of transportation, it may be counterproductive for a district to invest the resources necessary to achieve modest cost reductions.

Fourth, quite distinct from considerations of preference or advantage, constructions of desegregation costs reflect different conceptions about the very nature of desegregation. We found three distinguishable conceptions. The first treats desegregation as a matter of racial balance, or reduction of racial isolation. Such a conception draws attention to the costs of busing and to incentive costs (e.g. magnet programs). A second conception stresses equal opportunity. This conception, which is particularly apparent in cities where it appears that minority youngsters are not receiving equitable treatment in matters such as teacher experience and school facilities, stresses the costs required to assure equal treatment. The third conception emphasizes outcomes. This conception, embodied in the Milliken v. Bradley II decision and also visible in parts of the Columbus desegregation plan, treats expenditures for compensatory-remedial programs as legitimate costs of desegregation. Yet such

expenditures may be incurred in settings where racial isolation persists. Opinions differ about the propriety of treating such expenditures as desegregation costs.

* * * * *

It is easy to become discouraged or cynical about the extent to which reports of desegregation costs are influenced by technical, situational, and constructivist factors. These factors become tools in the hands of those who seek advantage in an already-volatile area of public policy. The same factors frustrate those who try to dispel misinformation, moderate disputes, and guide policy deliberations by making available ostensibly "objective" data about costs. Some consolation, however scant, may be found in the observation that such problems are hardly unique to the desegregation area. Analagous problems are found in efforts to compute the costs of landing a man on the moon, eradicating cancer, reviving the passenger railroads, and building dams.

It also is important to note that the sources of variation are not infinite, and that it may be possible to develop broad parameters of agreement within which desegregation costs can be described. Our exploratory study of desegregation costs in five cities provides some initial suggestions.

B. The Bottom Line: Regularities in Costs

Given the exploratory character of the research reported here, and further given the unrepresentative character of the five cities we studied, the following observations should be treated with considerable caution. Their descriptive adequacy -- to say nothing of their value for policy, practice, and research -- remains to be tested. It will be gratifying if readers of this paper are sufficiently inspired or provoked by these observations to proceed with the task of further research.

1. A desegregation order serves as a catalyst for quite extensive redistribution

of school resources. For example, desegregation may prompt school construction, school closings, and school renovations -- even though such changes may not be required to assure minimal compliance. Similarly, desegregation tends to affect the distribution of resources between "regular" and "special" programs -- a phenomenon particularly evident in the recent growth of magnet schools.

2. A desegregation order alters the magnitude and sources of school district revenues. New state aid may become available, as in Wisconsin's Chapter 220 provisions, or in the Detroit situation where the court ordered state sharing in desegregation costs. In Dayton and Milwaukee (as in Boston and Dallas) private sources of revenue became available for desegregation assistance. In most sites categorical federal assistance is available for desegregation; ESAA funding has become quite substantial, and it continues to grow.

3. In view of the cost economies which may accompany a desegregation plan (e.g. school closings), and in view of the availability of new revenues for desegregation, the net local cost (i.e. the cost to local district taxpayers) attributable to desegregation is much lower than one would predict by looking solely at the outlay components of desegregation plans. Indeed, in one city (Milwaukee) net local cost appears to be zero.

4. Vast amounts of public funds are being committed to desegregation litigation. Attorney fees of $50-100 per hour are common. In addition there are witness fees, costs for Special Masters or experts appointed by the courts, and the endless array of fees extracted by legal agencies for filings, transcripts, and the like. If the plaintiffs in the case are private parties, and if they prevail (as they usually do) the school defendants may be required to pay plaintiffs' legal costs as well as their own. In the cities we examined, legal fees appear to have ranged from $1-2 million per city -- and the litigation has yet to be terminated. Typically such costs are paid from a general or incidental fund, at the expense of fieldtrips, books, staff development, supplies,

and the like.

5. The design of a desegregation plan is, in part, a function of the availability of revenues. That is, for a given city it might be possible to design several types of desegregation plans. The particularities of the plan adopted appear to reflect planners' estimates about the nature and magnitude of desegregation-related revenues. In different terms, it is possible to invert the customary question (how does desegregation affect the budget?) and ask, instead, how the budget affects desegregation.

6. Finally, financial planning and financial management capabilities at the local, state, and national levels are distressingly inadequate to the task of urban school desegregation. We found repeated evidence of simplistic financial planning techniques, resulting in miscalculations of costs and revenues. The problem was much aggravated by late funding and policy instability at the state and national levels, with the result that plans had to be modified on short notice and without due care.

* * * * *

We began with the question "What does desegregation cost?" The exploratory research reported here did not yield a direct answer to that question. However the study has helped us identify the sources of variations in desegregation costs. Three such sources -- technical, situational, and subjective or "constructivist" -- have been discussed. Subsequent research projects can take these sources of variations into account when techniques for data collection and analysis are designed. Further, the study has begun to identify some broad parameters for developing descriptions of desegregation costs. For example, we surmise that the costs of desegregation must be identified within an overall budget context which reflects major shifts in revenues and their distribution. Some of the costs of desegregation, e.g. litigation costs, and costs of designing a remedy, may be difficult to detect or measure, even though they may be of

considerable magnitude. Both the design and the implementation of desegregation plans may be materially affected by events in school revenue environments.

Subsequent research on desegregation costs should be guided by these empirical observations, I suggest. Further, it now appears that the literature on the political economy of public bureaucracies can provide very useful guidance. The work of Wildavsky (1974), Lineberry (1977), Jacob (1966), Crecine (1969) and Gerwin (1969) appears to be particularly promising; our Center soon will initiate a study which systematically applies the ideas of these authors to the study of desegregation costs. It is not yet clear how we will resolve the problems stemming from constructivist, situational, and technical factors; however we now think we know what the problems are, and that, at least is a step in the right direction.

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